

Focus On...

Economic Impacts

Intercounty Connector Study

According to an independent study conducted by the University of Maryland, an Intercounty Connector (ICC) would provide important economic benefits to Maryland's economy. Study results show an ICC is projected to:

- *Create annual user benefits valued at over \$250 million starting in 2010, equating to more than \$5 to \$7 billion over 20 years*
- *Generate between 14,000 and 17,000 additional jobs in Prince George's and Montgomery Counties*
- *Improve efficiency and reduce the cost of freight movement*
- *Enhance the region's ability to attract and retain businesses*

About the Study

The Intercounty Connector (ICC) study team must consider potential economic impact to assess the overall desirability of an ICC. The Maryland Transportation Initiative (MTI) of the University of Maryland independently studied the potential economic impacts of building an ICC and of the alternative corridors under consideration.¹ (see map) The objectives of the study were:

- To estimate the monetary value of travel benefits – *in travel time savings and avoided costs* – that would result from building an ICC; and
- To assess resulting economic development impacts such as *job creation and business retention*.

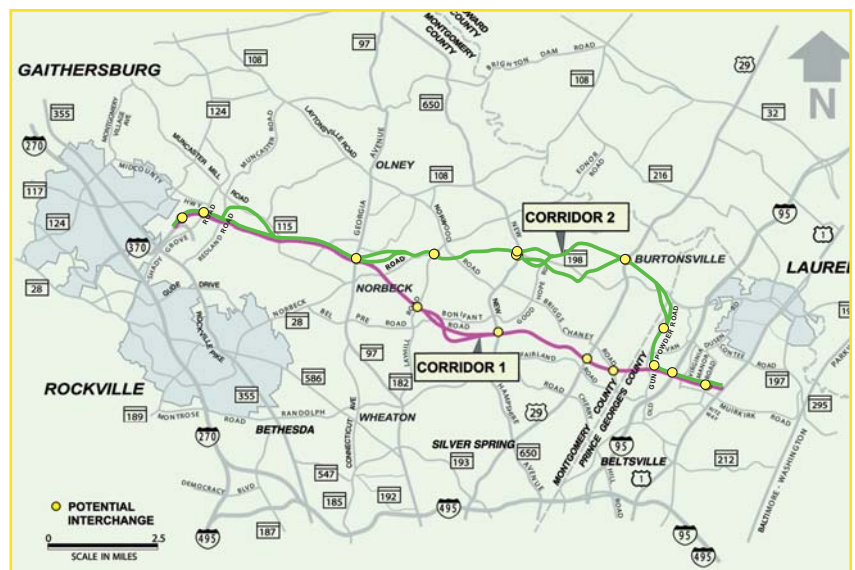


Robert L. Ehrlich, Jr.
Governor of Maryland

Key Findings

The University of Maryland study found that an ICC would generate substantial economic benefits. Using a combination of widely accepted state-of-the-practice methods and methods developed specifically for this study, study authors found the following:

- The study translated the improved and reliable travel provided by an ICC into economic benefits. When projected over 20 years, these economic benefits are at least \$5 to \$7 billion. Annual travel benefits are valued at \$303 million in 2010 and \$369 million in 2030 for Corridor 1. Corridor 2 demonstrates user benefits at \$255 million in 2010 and \$310 million in 2030.
- Projections indicate Corridor 1 would create over 14,000 jobs while Corridor 2 would create nearly 17,000 jobs. The study also found that an ICC would contribute to the retention of existing businesses and associated jobs throughout the region.
- According to a survey of businesses in the area, an ICC is expected to shorten employee commutes, improve access to and from BWI Airport for freight and passengers, and provide access to more affordable housing choices – *all critical to attracting and retaining businesses*.
- Business representatives noted satisfaction with their current business location and that the addition of an ICC would reduce their likelihood of relocating out of the area. The impact of both ICC alternatives on business retention is more significant in Prince George's County than in Montgomery County.

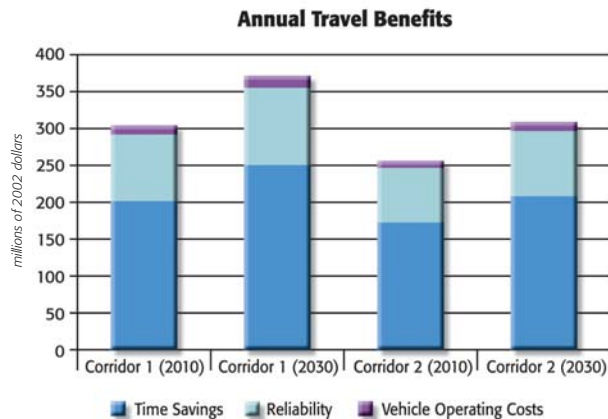


¹ Maryland Transportation Initiative, University of Maryland. *Economic Impact Study of the Intercounty Connector: Summary Report*, September 2004 (Research Report MTI-SHA-ICC-F).

User Benefits and Travel Time Savings

One of the principal benefits of any transportation project is the improved accessibility and mobility that it provides for residents and businesses, which translates into travel efficiency savings, including:

- Reduced travel time;
- Reduced vehicle operating costs;
- Greater travel reliability; and
- Improved freight movement for shippers and carriers.



Overall savings estimated to accrue from travel time improvement, reduction in vehicle operating costs, and reliability exceed \$300 million in 2010 and approach \$370 million in 2030 in the ICC impact area for Corridor 1. For Corridor 2, overall savings are estimated to be \$255 million in 2010 and \$310 million in 2030. Those who do not directly use the facility also benefit from the overall improvement in regional economic characteristics and receive better transport service and lower prices for delivered goods and services.

Reduced Travel Time

The projected travel time savings for users of an ICC range from \$203 million in 2010 to nearly \$250 million in 2030 for Corridor 1 and for Corridor 2, \$172 million in 2010 and \$209 million in 2030. (Estimates are based on 2002 dollars, which is the wage rate data available at the time of the study.)

Note: According to study authors, the estimate of travel time savings is conservative. It does not include savings accruing to travelers passing through the ICC impact area but not starting or ending their trip in the area. It also only includes time savings on regular weekdays, ignoring significant benefits that might accrue to travelers on weekend days and holidays. Estimates also do not include user costs for tolling.

Vehicle Operating Cost Savings

Vehicle operating costs include out-of-pocket costs such as for fuel and oil, maintenance, and tires. According to the study, vehicle operating cost savings add another 6% to the benefits captured through travel time savings, equaling \$11 million in 2010 and nearly \$16 million in 2030 for Corridor 1. For Corridor 2, vehicle operating cost savings are estimated at \$9 million in 2010 and \$14 million in 2030.

Improved Travel Reliability

Improved reliability – and associated predictability – of travel time is an important benefit of major transportation system improvements, particularly in congested areas. For businesses, reliability is critical to delivery activities, scheduling of service visits, and logistics management. For individuals, improved travel reliability makes it possible to get to appointments on time, pick up children from school, and complete normal daily trips with a reasonable level of certainty as to how long must be allowed for each trip.

The University of Maryland study conservatively estimates quantifiable travel reliability benefits of approximately \$88 million in 2010 and \$104 million in 2030 for Corridor 1 and \$75 million in 2010 and \$87 million in 2030 for Corridor 2.

Enhanced Freight Movement

Business representatives interviewed as part of the University of Maryland study agree that an ICC would have important benefits to the movement of freight via BWI Airport and the area's various inter-modal freight facilities. Those surveyed believe that construction of a facility like the ICC would:

- Reduce delivery risk and act as a hedge against future congestion as the region grows;
- Improve customer satisfaction;
- Enhance quality of life for drivers; and
- Lower operating costs, including labor, fuel, and costs associated with vehicle wear and tear.

The study also found that an ICC could serve as a catalyst for increased freight movements through BWI Airport, which would in turn lead to increased revenues and jobs. Transportation officials believe the Port of Baltimore also would benefit from an ICC.

Economic Development Impacts

Changes in accessibility triggered by transportation improvements or construction of new facilities translate into business cost savings, which in turn contribute to the region's economic competitiveness and to overall economic activity.

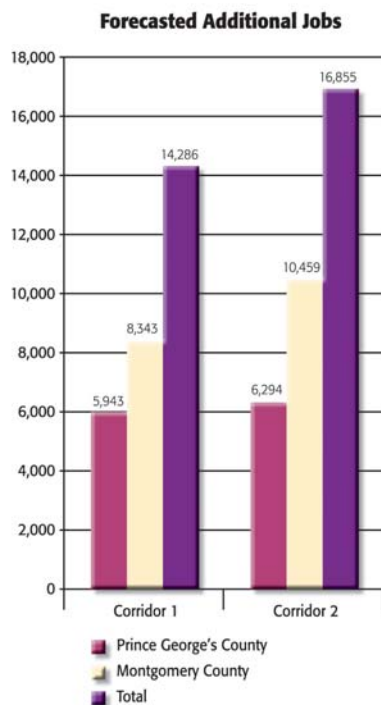
Economic development impacts include:

- Attraction of new businesses and jobs; and
- Retention and expansion of existing businesses.

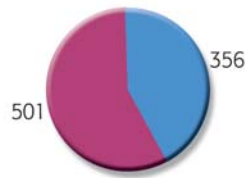
Business Attraction and Job Creation

The University of Maryland study found that an ICC would create between 14,000 and 17,000 new jobs and contribute to the retention of existing businesses and jobs throughout the region.

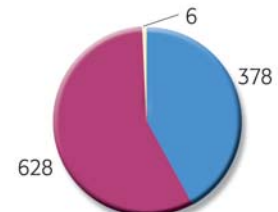
While the two corridor alignments are projected to have comparable business and job growth in Prince George's County, Corridor 2 is projected to spur greater economic development in Montgomery County than Corridor 1. Also, Prince George's County's share of the total additional firms and jobs of about 40% is considerably greater than the fraction of road miles of the proposed ICC that are physically in the County (less than 20%).



Corridor 1: 857 New Business Establishments



Corridor 2: 1,012 New Business Establishments



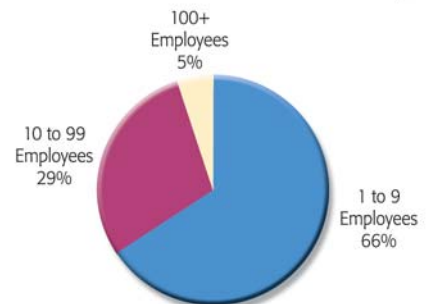
Prince George's Montgomery Howard

Business Size and Industry Makeup

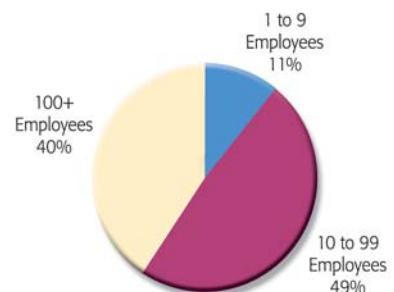
While 66% of the additional business establishments are small firms of 1 to 9 employees, according to the University of Maryland study, these businesses will contribute only 11% of the additional jobs. Inversely, 5% of the business establishments are expected to employ over 100 employees but will contribute approximately 40% of new jobs. Nearly ½ of the jobs resulting from construction of an ICC will be at firms employing between 10 and 99 employees. The makeup of business growth is not projected to vary based on the chosen corridor alternative.

Jobs resulting from construction of an ICC represent an array of industry sectors, with service jobs representing 37% of new employment and retail 24%.

Additional Business Establishments by Size



Additional Jobs by Size of Establishment



It's About Time... for Solutions

Business Retention

Based on interviews and a business survey, the University of Maryland study confirmed that business owners believe that traffic and congestion in the area is a significant disadvantage, causing difficulties in recruitment and retention of employees. All interviewees responded in favor of construction of an ICC, noting that an ICC would shorten employee commutes, improve access to and from BWI Airport, and provide access to more affordable housing choices.

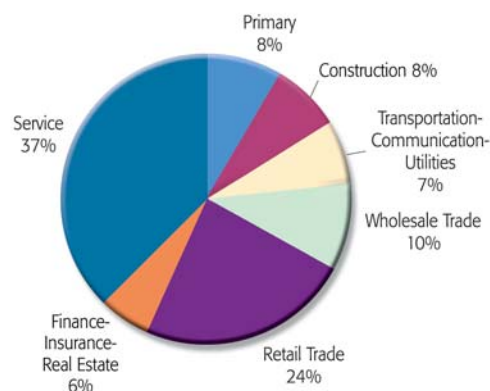
Survey results demonstrate the relationship between access to primary highway facilities and the propensity for business relocation – with firms being less likely to relocate when they have good access to high-performing highways.

Firms in the area are generally satisfied with their current business location. While nearly 27% of the firms surveyed are considering changing their location, most of these find their current county satisfactory and are likely to make only a local move. The percentage of respondents indicating some likelihood of moving is lower in Prince George's County, where only 12% indicated a possible move. And, more than 50% of those indicated that the move

would most likely keep them in Prince George's County.

The study found that both Corridor alignments would reduce the propensity to relocate and increase the likelihood of retaining existing businesses, with Corridor 2 slightly more advantageous. Construction of an ICC in Corridor 2, for instance, is expected to reduce the aggregate likelihood of relocation by approximately 7%. The positive impact on business retention is more significant in Prince George's County than in Montgomery County, reducing the propensity to relocate by 9% on average.

Additional Jobs by Industry Sector



To see details or view the Summary Report from the University of Maryland, visit the ICC website at www.iccstudy.org.

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